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Kosovo and U.S. Policy

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Kosovo and U.S. Policy

Summary

In 1998 and 1999, the United States and its NATO allies attempted to put an end to escalating violence between ethnic Albanian guerrillas and Yugoslav/Serb forces in Yugoslavia's Kosovo province. These efforts culminated in a 78-day NATO bombing campaign (Operation Allied Force) against Serbia from March until June 1999, when then-Yugoslav leader Slobodan Milosevic agreed to withdraw his forces from the province. Since then, Kosovo has been governed by a combination of U.N. and local Kosovar governing structures. The U.N. Mission in Kosovo (UNMIK), under the terms of U.N. Security Council Resolution 1244, retains ultimate political authority in the province. A NATO-led peacekeeping force, KFOR, is charged with providing a secure environment. In May 2001, UNMIK issued a "Constitutional Framework" for Kosovo that provided for an elected provisional legislature and government with limited powers but did not address Kosovo's final status.

UNSC Resolution 1244 calls for Kosovo's final status to be considered at an undetermined time after an autonomous government is in place. Almost all ethnic Albanians want independence for Kosovo; Serbs say it should remain within Serbia. In late 2003, the international community agreed to review Kosovo's progress in meeting international "standards" and consider next steps in determining Kosovo's future status by mid-2005. The sudden outbreak of widespread anti-Serbian riots in March 2004, the worst inter-ethnic violence experienced in Kosovo since 1999, set back progress in many areas and called into question the effectiveness of international policy on Kosovo. In June 2005, U.N. Secretary-General Kofi Annan appointed Norwegian diplomat Kai Eide to launch a comprehensive review of the Kosovo standards. In October, following completion of Eide's review, the U.N. Security Council endorsed the start of status negotiations for Kosovo. Former Finnish President Martti Ahtisaari has been named to be lead U.N. envoy for the talks.

The United States, as a member of the international contact group that leads international policy on Kosovo, has supported implementation of Resolution 1244, including U.S. participation in KFOR, and the standards before status policy. In May 2005, U.S. officials announced a "new stage" in Kosovo policy that aimed to accelerate resolution of the conflict and enhance the Balkan region's integration into Euro-Atlantic institutions.

In 1999, Congress neither explicitly approved nor blocked U.S. participation in NATO air strikes against Serbia. In 2000, several Members unsuccessfully attempted to condition the U.S. military deployment in Kosovo on congressional approval and on the implementation of aid pledges made by European countries. Since 1999, Congress has provided funding for reconstruction in Kosovo, but limited U.S. aid to 15% of the total amount pledged by all countries. In the 108th Congress and the first session of the 109th Congress, several resolutions were introduced that dealt with Kosovo's future status. The second session of the 109th Congress may also consider legislation on Kosovo's status. This report will be updated as events warrant.

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Kosovo and U.S. Policy

Most Recent Developments

On October 24, 2005, the U.N. Security Council endorsed the recommendation of U.N. Secretary-General Kofi Annan to launch a political process to determine Kosovo's disputed status. On November 1, Annan announced his intention to name former Finnish President Martti Ahtisaari to be his U.N. Special Envoy to lead the international process. Ahtisaari began his mission with visits to Kosovo and Serbia in late November 2005. In December 2005, the Administration announced that diplomat Frank Wisner will represent the United States at the status negotiations. Ahtisaari has said that he hopes talks will begin in January 2006. He has stressed that there is no deadline for the completion of the talks, but U.S. and other international officials have said that they are likely to be concluded by the end of the year at the latest.

The U.N. decision to open status talks follows a comprehensive review and assessment by Norwegian diplomat Kai Eide of the situation in Kosovo and progress in achieving specified "standards" of Kosovo's institutions and society, including the rule of law and treatment of minorities. In his review,¹ Eide concluded that, despite many shortcomings in the standards implementation process especially involving Kosovo's ethnic Serb minority, the time has come to commence the future status process. U.S. officials have similarly argued that the status quo in Kosovo was neither sustainable nor desirable, and wish to see a successful conclusion to the status negotiations by mid-2006.

Introduction

In 1998 and 1999, the United States and its NATO allies attempted to put an end to escalating violence between ethnic Albanian guerrillas and Yugoslav forces in the Federal Republic of Yugoslavia's Kosovo region. They were outraged by Serb atrocities against ethnic Albanian civilians, and feared that the conflict could drag in other countries and destabilize the region. These efforts culminated in a 78-day NATO bombing campaign against Serbia from March to June 1999. Yugoslav leader Slobodan Milosevic agreed to withdraw his forces from the province in June 1999, clearing the way for the deployment of U.S. and other NATO peacekeepers. While NATO's action ended Milosevic's depredations in Kosovo, it has left U.S. and other Western policymakers with many difficult issues to deal with. These include creating the conditions for the resumption of a normal life in Kosovo, including setting up an

¹ Text of the Eide comprehensive review is included in a letter from the U.N. Secretary-General to the President of the Security Council, S/2005/635, October 7, 2005.

autonomous government and reconstruction of the province, as well as dealing with the thorny issue of Kosovo's final status. Additional challenges emerged after the deployment, including the rise of ethnic Albanian guerrilla movements in southern Serbia and Macedonia, which threatened to destabilize the region before they were dismantled in 2001.

U.S. engagement in Kosovo has been controversial. Proponents of engagement say that instability in Kosovo could have a negative impact on the stability of the Balkans and therefore of Europe as a whole, which they view as a vital interest of the United States. They believe instability in the region could produce an environment favorable to organized crime and terrorism. In addition, they claim that such instability could deal a damaging blow to the credibility and future viability of NATO and Euro-Atlantic cooperation. They say the involvement of the United States is critical to ensuring this stability, because of its resources and political credibility.

Critics, including some in Congress, say that the situation in Kosovo does not have as large an impact on vital U.S. interests as other issues, particularly the war on terrorism in the wake of the September 11 terrorist attacks on the United States and the war in Iraq. Reflecting international focus on the global anti-terrorism campaign and other priorities, there appears to be a strong interest in "finishing the job," including an "exit strategy" for the international civil and military administration of Kosovo, perhaps within the next year, as part of the determination of Kosovo's future status. However, a residual international civilian and military role, perhaps with a smaller U.S. presence, is likely to stay on for some time after status is determined.

War in Kosovo: February 1998-June 1999

Kosovo At a Glance

Area: 10,849 sq. km., or slightly smaller than Connecticut

Population: 1.956 million (1991 Yugoslav census)

Ethnic Composition: 82.2% Albanian; 9.9% Serbian. Smaller groups include Muslims, Roma, Montenegrins, Turks and others. (1991 Yugoslav census)

Although the war in Kosovo had deep historical roots, its immediate causes can be found in the decision of Milosevic regime in Serbia to eliminate the autonomy of its Kosovo province in 1989. The regime committed widespread human rights abuses in the following decade, at first meeting only non-violent resistance from the province's ethnic Albanian majority. However, in 1998 ethnic Albanians calling themselves the Kosovo Liberation Army (KLA) began attacks on Serbian police and Yugoslav army troops. The Milosevic regime responded with increasingly violent and indiscriminate repression. From February 1998 until March 1999, conflict between the KLA and Serb forces (as well as Serb attacks on ethnic Albanian civilians) drove more than 400,000 people from their homes and killed more than 2,500 people.

The United States and other Western countries used sanctions and other forms of pressure to try to persuade Milosevic to cease repression and restore autonomy to Kosovo, without success. The increasing deterioration of the situation on the ground led the international Contact Group (United States, Britain, France, Germany, Italy and Russia) to agree on January 29, 1999 on a draft peace plan for Kosovo. They invited the two sides to Rambouillet, near Paris, to start peace talks based on the plan on February 6. As an inducement to the parties to comply, on January 30 the North Atlantic Council agreed to authorize NATO Secretary-General Javier Solana to launch NATO air strikes against targets in Serbia, after consulting with NATO members, if the Serb side rejected the peace plan. NATO said it was also studying efforts to curb the flow of arms to the rebels. The draft peace plan called for three-year interim settlement that would provide greater autonomy for Kosovo within Yugoslavia, and the deployment of a NATO-led international military force to help implement the agreement. On March 18, 1999, the ethnic Albanian delegation to the peace talks signed the plan, but the Yugoslav delegation rejected it.

NATO began air strikes on the Federal Republic of Yugoslavia on March 24, 1999. Yugoslav forces moved rapidly to expel most of Kosovo's ethnic Albanians from their homes, many of which were looted and burned. A December 1999 State Department report estimated the total number of refugees and displaced persons at over 1.5 million, over 90% of Kosovo's ethnic Albanian population. The report said that Yugoslav forces killed about 10,000 ethnic Albanians, and abused, tortured and raped others. After 78 days of increasingly intense air strikes that inflicted damage on Yugoslavia's infrastructure and its armed forces, President Milosevic agreed on June 3 to a peace plan based on NATO demands and a proposal from the Group of Eight countries (the United States, Britain, France, Germany, Italy, Canada, Russia and Japan). It called for the withdrawal of all Yugoslav forces from Kosovo; the deployment of an international peacekeeping force with NATO at its core; and international administration of Kosovo until elected interim institutions are set up, under which Kosovo will enjoy wide-ranging autonomy within Yugoslavia. Negotiations would be eventually opened on Kosovo's final status.

On June 9, 1999, NATO and Yugoslav military officers concluded a Military Technical Agreement governing the withdrawal of all Yugoslav forces from Kosovo. On June 10, the U.N. Security Council approved UNSC Resolution 1244, based on the international peace plan agreed to by Milosevic. KFOR began to enter Kosovo on June 11. The Yugoslav pullout was completed on schedule on June 20. On June 20, the KLA and NATO signed a document on the demilitarization of the KLA. (For historical background to the conflict in Kosovo, see CRS Report RS20213, *Kosovo: Historical Background to the Current Conflict*, by Steven Woehrel. For chronologies of the conflict in Kosovo, see CRS Report 98-752, *Kosovo Conflict Chronology: January-August 1998*, by Valerie Makino and Julie Kim; CRS Report RL30127, *Kosovo Conflict Chronology: September 1998-March 1999*, by Julie Kim.

Within weeks of the pullout of Yugoslav forces from Kosovo and the deployment of NATO-led peacekeeping force KFOR, the overwhelming majority of ethnic Albanian refugees returned to their homes. At the same time, more than 200,000 ethnic Serbs and other minorities living in Kosovo left the province, according to the U.N. High Commissioner for Refugees. International officials estimate the number of Serbs living in Kosovo at about 100,000. Many of the Serbs

remaining in the province live in northern Kosovo, many in or near the divided town of Mitrovica. The rest are scattered in isolated enclaves in other parts of the province, protected by KFOR troops. A key reason for the departures is violence and intimidation by ethnic Albanians. Kosovo Serbs say that since the pullout of Yugoslav forces, more than 1,100 were killed and over 1,000 are missing. Hundreds of houses of Serb refugees have been looted and burned.

Current Situation in Kosovo

Since June 1999, Kosovo has been ruled by the U.N. Mission in Kosovo (UNMIK). According to U.N. Security Council Resolution 1244, UNMIK is tasked with gradually transferring its administrative responsibilities to elected, interim autonomous government institutions, while retaining an oversight role. In a final stage, UNMIK will oversee the transfer of authority from the interim autonomous institutions to permanent ones, after Kosovo's final status is determined.

Kosovo took the first steps in establishing its own elected institutions on October 28, 2000, when OSCE-supervised municipal elections were held. Most of the parties running in the election differed little from each other on ideological grounds, and are based more on personal loyalties and clan and regional affiliations. The biggest of several parties to be formed from the ex-KLA is the Democratic Party of Kosovo (PDK), headed by Thaci. Another significant, although smaller, ex-KLA group is the Alliance for the Future of Kosovo (AAK), led by Ramush Haradinaj. A third key political force in the province is Democratic League of Kosova (LDK), headed by Ibrahim Rugova.

The LDK was by far the ethnic Albanian largest party before the war, but it began to lose ground after what some ethnic Albanians viewed as a passive stance during the war. However, the behavior of some ex-KLA leaders since the war, including organized crime activity and violence against ethnic Albanian political opponents, resulted in an improvement in the "more civilized" LDK's standing. The LDK won 58% of the vote province-wide, the PDK 27.3%, the AAK, 7.7%. Kosovo Serbs boycotted the vote, charging that UNMIK and KFOR have been ineffective in protecting them from ethnic Albanian violence. They claimed that UNMIK and KFOR are working toward the establishment of an independent Kosovo, which they oppose.

After consultation with local leaders, UNMIK issued a Constitutional Framework for Provisional Self-Government in Kosovo in May 2001. The Constitutional Framework called for the establishment of a 120-seat legislature, which elects a President and a Prime Minister. Twenty seats were reserved for ethnic minorities, including ten for Serbs, but Serbs do not have a veto power on laws passed by the ethnic Albanian majority in the body. UNMIK retains oversight or control of policy in many areas, including law enforcement, the judiciary, protecting the rights of communities, monetary and budget policy, customs, state property and enterprises, and external relations. UNMIK can invalidate legislation passed by the parliament if it is in conflict with U.N. Security Council Resolution 1244. KFOR

remains in charge of Kosovo's security. The Constitutional Framework does not address the question of Kosovo's final status.

Leaders of ethnic Albanian parties voiced disappointment that the document did not allow for a referendum to decide Kosovo's final status. They also said that the Constitutional Framework gives Kosovars the illusion of self-rule rather than the reality, since it reserves many key powers for UNMIK. Kosovo Serb leaders condemned the Constitutional Framework, saying it paved the way for Kosovo's independence and did not contain a mechanism to prevent the ethnic Albanian-dominated legislature from abusing the rights of Serbs.²

On November 17, 2001, voters in Kosovo and displaced persons residing outside of the province went to the polls to select the Assembly. The moderate Democratic League of Kosovo (LDK in Albanian) won 47 seats. The nationalist Democratic Party of Kosovo (PDK), the largest party formed from the former Kosovo Liberation Army, won 26 seats. Return, a coalition of Serbian parties, won 22 seats. The Alliance for the Future of Kosovo (AAK), an ex-KLA party that has tried to position itself as a pragmatic force, won eight seats. Four small ethnic Albanian parties won one seat each. The remaining 13 seats were won by parties representing the Bosniak, Turkish and Roma communities. In contrast to their boycott of the 2000 local elections, Kosovo Serbs turned out in substantial numbers to vote in the November 2001 legislative elections. Turnout in Serb-majority areas was about 47%, according to the OSCE, while turnout in Serbia and Montenegro was about 57%. (This compares with a turnout of about 67% in Albanian-majority areas.)

After months of political wrangling, the Assembly chose a President and a government in March 2002. LDK leader Ibrahim Rugova was elected as President. Kosovo's Prime Minister is Bajram Rexhepi of the PDK. The government consisted of members of the LDK, PDK and AAK. One cabinet post was reserved for a Kosovo Serb representative and another for a member of a non-Serb minority group. The Kosovo Serbs initially refused to join the government, saying they wanted greater representation, but finally agreed to do so in May 2002, after UNMIK agreed to appoint a Kosovo Serb as an advisor on refugee returns.

Kosovo held its second local elections on October 26, 2002. Turnout for the vote was 54%, lower than in the previous two elections. Observers attribute the low turnout to disillusionment with the performance of the government and political parties in Kosovo. The LDK confirmed its status as the leading party in Kosovo, but lost ground compared to previous elections. The LDK won 45% of the vote, the PDK 29%, and the AAK 8.55%. Serb turnout was particularly low, at about 20%. Almost no Serbs voted in the troubled northern town of Mitrovica, where local authorities intimidated potential voters. Among those Serbs who did vote in the elections, the moderate Povratak (Return) coalition did poorly, while hard-line parties did well. These results may indicate continuing Serb dissatisfaction with their situation in Kosovo, and with the failure of Serb moderates to improve it.

² The text of the constitutional framework can be found at [<http://www.unmikonline.org/constframework.htm>].

Kosovo held parliamentary elections on October 24, 2004. The results were largely in line with previous votes. The LDK won 45.4% of the vote, and 47 seats in the 120 seat legislature. The PDK won 28.9% and 30 seats. The AAK won 8.4% of the vote and nine seats. A new ethnic Albanian party, ORA, led by publisher Veton Surroi, won seven seats, while four other ethnic Albanian parties split five seats. Turnout for the election was 53.57%. Very few Kosovo Serbs voted in the elections, responding to a call by Serbian Prime Minister Vojislav Kostunica to boycott the election. Two Serbian groups which did participate in the elections will receive the ten seats reserved for the Serbian community in the legislature, but it is questionable whether they genuinely represent Serbian sentiment in Kosovo. Ten other seats are set aside for other ethnic communities in Kosovo.

In March 2004, accusations that local Serbs were responsible for the drowning death of two ethnic Albanian boys near the divided city of Mitrovica erupted into violent demonstrations and attacks on several ethnic Serb enclaves throughout the province. Large crowds of ethnic Albanians came out in droves and set fire to Serb homes, churches and property in several cities. U.N. and NATO personnel evacuated some ethnic Serbs to protected enclaves but could not hold back the crowds or counter the destruction. The two days of violence on March 17-18, 2004, constituted the worst flare-up of inter-ethnic violence since the end of the 1999 Kosovo war. According to UNMIK, the two-day period resulted in the death of 19 civilians, injuries to more than 900 persons, including international peacekeepers, and the displacement of over 4,000 persons, mainly Serbs, from their homes. In addition, about 30 churches and monasteries, 800 houses, and 150 vehicles were destroyed or seriously damaged. U.N. and other international officials said that the attacks came about in part spontaneously, and in part as a result of an orchestrated campaign by extremist forces. Some referred to the attacks as “ethnic cleansing.” The U.N. estimates that tens of thousands of persons participated in dozens of violent incidents in the two-day period.

On December 2, 2004, AAK leader Ramush Haradinaj was elected Prime Minister of Kosovo by the new Kosovo parliament. The new government is composed of a coalition between the AAK and LDK. The PDK, a key part of the previous government, is now in opposition. Haradinaj's nomination was controversial, due to concerns of EU and other international officials that he could be indicted by the International Criminal Tribunal for the Former Yugoslavia for war crimes allegedly committed when he was a rebel leader.

On March 8, 2005, Prime Minister Haradinaj resigned, after the International Criminal Tribunal for the former Yugoslavia notified him and two of his associates that they had been indicted for crimes against humanity and war crimes allegedly committed during the 1998-1999 conflict with Serbian forces. Haradinaj and his co-indictees flew to The Hague to submit to detention. Haradinaj was succeeded as Prime Minister by a political ally. Haradinaj had won high marks from international officials for his energetic efforts to implement the standards. In June 2005, Haradinaj was provisionally released by the Tribunal in return for his pledge to return to The Hague for his trial.

The October 2005 report produced by U.N. envoy Kai Eide provides a relatively accurate and balanced assessment of the situation in Kosovo, according to both

Serbian and ethnic Albanian leaders. The report praises Kosovo's achievements in setting up political and economic institutions and developing a legislative framework, but notes that government appointments are often made on the basis of political or clan loyalties rather than competence. The economic situation is "bleak," with high unemployment and widespread poverty. Other experts say that unemployment in Kosovo is about 60% and about 40% of the people live in poverty.³ Eide cautions that although uncertainty over status is one factor hindering Kosovo's economic recovery, it is far from the only factor. Eide notes that the privatization process is underway, and could help to revive Kosovo's economy, but warns that the process could negatively affect the viability of minority communities, if discrimination is permitted to develop.

Eide says that the rule of law has been hurt by the "lack of ability and readiness to enforce legislation at all levels." He says the Kosovo Police Service, although improving, has difficulty dealing with serious crimes (including organized crime and corruption) or ones with an ethnic aspect. The judicial system is "the weakest of Kosovo's institutions." In addition to inefficiency, the system is hampered by family or clan solidarity, and intimidation of witnesses, law enforcement, and judicial officials.

The Eide report is perhaps most downbeat in accessing the prospects for a multi-ethnic society, calling them "grim." The report notes that the amount of reported inter-ethnic crime is "low," although this is in part due to the fact that almost all Serbs live in areas that have a Serb majority and they tend to avoid contact with non-Serbs. Unreported "low-level" interethnic violence and incidents continue to hamper freedom of movement and contribute to a climate of insecurity among minorities. Property rights of minority communities are not respected. Illegal occupation of minority property is "widespread." The return of displaced Serbs and other minorities has "virtually come to a halt." Indeed, Eide says the number of Serbs leaving Kosovo may exceed the number returning. Eide notes that, while decentralization was offered to the Serbs in 2002, very little was done until summer 2005, and those Kosovo government efforts were "too little, too late."

The Issue of Kosovo's Status

U.N. Resolution 1244 reaffirmed the sovereignty and territorial integrity of the Federal Republic of Yugoslavia (FRY) and did not prescribe or prejudge a permanent political resolution to the issue of Kosovo's status. It said that Kosovo's status should be determined by an unspecified "political process." Ethnic Albanians in Kosovo strongly favor independence of the province from the FRY and its international recognition as a sovereign state as soon as possible. Since 1999, Kosovo's independence has been opposed by the United States and other Western countries, as well as by all of Kosovo's neighbors, except Albania. They expressed concern that an independent Kosovo could destabilize the region by encouraging

³ "Independence No Quick Fix for Weak Kosovo Economy," Reuters news agency, October 24, 2005.

separatist ethnic Albanian forces in Macedonia, as well as Serbia's Presevo Valley, where many ethnic Albanians live.

Instead of status, international policy on Kosovo centered around "standards," a series of benchmarks of international expectations for Kosovo's institutions and society outlined by former UNMIK Chief Steiner in 2002. This policy has been dubbed "standards before status." Kosovar Albanians initially expressed irritation with the benchmarks concept, in particular the idea that their fulfillment should be a precondition to addressing the status question. They believed this approach was designed to block their aspirations for independence indefinitely. Moreover, they claimed that the Constitutional Framework does not give them enough authority to achieve the benchmarks, especially in the area of law and order. After the 2004 elections, however, the Kosovar government embraced standards implementation, as it saw the standards policy possibly leading to status talks in 2005.

Some experts have expressed skepticism about the feasibility of the international community's efforts to postpone clarification of the final status issue to an indefinite future. They believe that it is unrealistic to try to ignore the clearly expressed desire of the overwhelming majority of the population of Kosovo on the issue that they see, rightly or wrongly, as most important to them. Some also believe that the uncertainty created by postponing the resolution of this issue could have a negative impact on Kosovo's political and economic stability. Indeed, some Kosovars claim that continued uncertainty over Kosovo's ultimate future has had a negative impact on such issues as rule of law, privatization and attracting foreign investment. Moreover, the international community is increasingly preoccupied with other global challenges, and may seek to move forward on the issue of a final settlement in order to begin to wind down the international peacekeeping mission in Kosovo.

In November 2003, U.S. Under Secretary of State Marc Grossman announced, with the support of the other members of the international Contact Group (Britain, France, Germany, Italy, and Russia), a formal review in mid-2005 on Kosovo's progress toward meeting the standards. If in the judgement of the Contact Group, the U.N. Security Council and other interested parties, this progress is "sufficient," a process to determine the province's status may begin. UNMIK released a highly detailed "Standards Implementation Plan" on March 31, 2004.

The events of March 2004 led some to question the Standards policy, as well as prospects for the peaceful coexistence of Kosovo's majority ethnic Albanian and minority Serb populations. The Serbian government and parliament developed a plan to decentralize Kosovo and give the Serb minority self-governing autonomy. In July, a U.N. assessment team led by Norwegian diplomat Kai Eide recommended that the lengthy list of standards be replaced with a "dynamic, priority-based standards policy" to pave the way for status discussions and future European integration. However, U.N. Secretary-General Annan and UNMIK chief Soren Jessen-Petersen have defended the standards policy, while identifying urgent priority standards relating to security and minority rights. They and other international officials note that standards implementation will remain important for Kosovo's development even after a status settlement is reached.

International Process on Status

The “year of decision” in 2005 has established the basic outline of a “roadmap” toward Kosovo’s future status. On May 27, the U.N. Security Council reviewed the last quarterly report on UNMIK of the U.N. Secretary-General. On the basis of this report, Annan sanctioned the launch of the comprehensive review of the Kosovo standards for the summer. In June 2005, he appointed Norwegian diplomat Kai Eide to lead the review. After several trips to the region, Ambassador Eide submitted his comprehensive review to Annan. On October 24, 2005, the U.N. Security Council endorsed the recommendation of U.N. Secretary-General Kofi Annan to launch a political process to determine Kosovo’s disputed status. On November 1, Annan announced his intention to name former Finnish President Martti Ahtisaari to be his U.N. Special Envoy to lead the international process. Ahtisaari began his mission with visits to Kosovo and Serbia in late November 2005. He said that he hoped that the two sides would agree to face-to-face talks in early 2006. He stressed that there was no deadline set for the completion of the negotiations.

However, U.S. officials estimate that the process to determine status could conclude before the end of 2006, although no precise timetable has been set. The U.N. Security Council is expected to endorse any agreement on Kosovo, as well as authorize possible future international missions to secure the settlement.

Observers note that any status settlement that emerges from the upcoming talks may not in fact be “final.” In his report, Eide avoids the term “final” and talks only of Kosovo’s “future” status. Kosovo’s status could comprise only part of a larger road-map for integrating Kosovo and the rest of the region into international structures, especially the EU. This will likely involve a phased process lasting well beyond the anticipated status talks.

Ethnic Albanian Views

It is the position of virtually the entire ethnic Albanian community in Kosovo that the independence of Kosovo is non-negotiable. Therefore, Kosovar leaders oppose direct negotiations with Belgrade, favoring only talks with the international community on the terms under which Kosovo’s independence is to be recognized. On October 24, Kosovo Prime Minister Bajram Kosumi warned against “any conditions or new interim phases” to Kosovo’s independence. He said that he expected that an international “observation or advisory” mission in Kosovo could serve as “a psychological and practical guarantee for ethnic groups that their rights are observed” but that “Kosovo must be an independent and sovereign state.”⁴

The opening of status talks has spurred tensions within the ethnic Albanian community. There was jockeying for advantage among the leading parties in Kosovo over the composition of the negotiating team for the talks, perhaps signaling a struggle between the President Ibrahim Rugova’s Liberal Democratic Party of Kosovo (LDK) and the main opposition party, the Democratic Party of Kosovo

⁴ “Kosovo PM Wants Full Independence After U.N. Talks,” Reuters news agency, October 24, 2005.

(PDK) and other parties over who should get credit for what they see as Kosovo's impending independence. Such a situation may limit Kosovar flexibility at the talks. In addition, small groups outside of the parliament have condemned efforts to place any conditions on independence for Kosovo. Perhaps most seriously, UNMIK and KFOR acknowledged that a small number of armed men in western Kosovo have been stopping cars at roadblocks in recent weeks. An alleged spokesman for the "Kosovo Independence Army" warned that it would kill any ethnic Albanian leader who betrayed Kosovo during the talks. Kosovo leaders, UNMIK, and KFOR have dismissed the group as a small band of "criminals" without public support, and said they would ensure that no such "armies" were permitted to operate in Kosovo.⁵

Serbian Views

The Serbian government, as well as Kosovo's Serbs, are strongly opposed to Kosovo's independence. The Serbian government position, stated by Prime Minister Vojislav Kostunica on October 24 to the U.N. Security Council, is that Kosovo must never become independent, as this would be an illegal "dismemberment" of a democratic country. This view is backed by an all-party consensus in the Serbian parliament. Serbian leaders have encapsulated their current position on status with the phrase "more than autonomy, but less than independence." However, the terms of the autonomy offered by Serbia are likely to be unacceptable to the Kosovar Albanian side. Sanda Raskovic-Ivic, the Serbian government official in charge of Kosovo affairs, has said that Serbian policemen would control Kosovo's borders and that fiscal and customs policy in Kosovo would be "connected to" the central government. There would be "one defense minister, one foreign minister, one seat in the United Nations." Kosovo would be demilitarized, with "paramilitary troops" (presumably including ethnic Albanian ones) prohibited.⁶

Serbia has also put forward a decentralization plan for Kosovo. The plan would set up autonomous Serb regions in northern Kosovo and other Serbian-majority enclaves. Serbian-majority areas in Kosovo would be controlled by local Serb authorities, with their own police, and would be linked with each other and with Serbia. Ethnic Albanian authorities would control the rest of the province. Such a plan would have the benefit, from Belgrade's point of view, of consolidating its control over northern Kosovo, where most Serbs in the province now live, and where important economic assets, such as the Trepca mining complex, are found. Ethnic Albanian leaders strongly oppose the idea for these very reasons. To a certain extent, the Serbian plan seeks to strengthen and ratify the existing situation, particularly in northern Kosovo. Since 1999, international officials and ethnic Albanians have criticized Serbia for supporting "parallel structures" that cement its control over Serb-majority areas at the expense of UNMIK's authority.

Some observers have speculated that Serbia's hard-line stance may be an opening gambit in an effort to secure a partition of Kosovo, with northern Kosovo

⁵ "UNMIK Police Vow to Go After Kosovo Guerrillas," October 19, 2005, KosovoLive news agency.

⁶ "Sovereignty to Serbia, Executive, Legislative and Judicial Authority to Kosovo," Danas, September 27, 2005.

formally becoming part of Serbia and the rest becoming independent. However, the United States and other members of the Contact Group have ruled out a partition of Kosovo. Serbian leaders may also seek or be offered other forms of compensation, such as easier terms for NATO and EU membership, or at least increased aid from these institutions and their member countries. However, Serbian experts realize that such concessions, even if offered by the international community, may lack credibility due to “enlargement fatigue” in many European countries, among other factors.⁷

However, Serbian experts warn that the current political situation Serbia may make any public concessions on its part difficult. Kostunica’s government holds a narrow and unstable majority in parliament and new elections are possible, even likely, next year. Kostunica’s main opponent among democratic, largely pro-Western parties is the Democratic Party, headed by Serbian President Boris Tadic. Although widely considered the most pro-Western leader in Serbia, Tadic has endorsed the government’s tough position for the talks, perhaps feeling that he cannot politically afford to appear “soft on Kosovo.” Perhaps preparing a political “exit strategy,” Tadic has warned Serbs that, due to Milosevic’s negative legacy, a solution on Kosovo may be imposed on Serbia against its will. In addition to the rivalry between Kostunica and Tadic, both men may be concerned about the ultranationalist Radical Party, which is the largest single party in the Serbian parliament. If there is a nationalist backlash against a Kosovo settlement, the Radical Party is expected to benefit in the elections, perhaps even take power.

Kosovo Serb leaders are divided over whether they should join the Serbian government delegation for the talks or form their own delegation. Most observers believe that they will join the Serbian government delegation, given the heavy dependence of Kosovo Serbs in the past on Belgrade for policy direction and economic support.⁸

Status Options

It is too early to say what Kosovo’s future status will be. However, one option, direct rule of the entire province from Belgrade, has been ruled out by the United States and other countries, since it could only be accomplished by violent actions similar to those taken by Milosevic in 1998 and 1999, which triggered international intervention in the first place. Another possible outcome is independence. Between these two poles lie some form of complete or near-complete self-government for Kosovo, while retaining some degree of nominal Serbian sovereignty and/or international monitoring or control.

Independence for Kosovo would respond to the political preferences of the overwhelming majority of the province’s inhabitants, and all of the ethnic Albanian parties in Kosovo’s parliament. However, some observers fear that an independent Kosovo could destabilize the region by encouraging separatist ethnic Albanian forces

⁷ Discussions with experts on Serbia, October 2005.

⁸ For more on the Kosovo status issue, see CRS Report RS21721, *Kosovo’s Future Status and U.S. Policy*, by Steven Woehrel.

in Macedonia, as well as areas of southern Serbia where many ethnic Albanians live. Some also fear international support for Kosovar independence could undermine the democratic leadership in Belgrade and strengthen extreme nationalists there. There are also questions about the ability of the Kosovars to effectively run their own affairs in the near future or implement any commitments on minority rights, due to the country's poverty and the immaturity of ethnic Albanian political and social institutions. An effective Kosovo government is particularly important for the issue of dealing with powerful organized crime groups and political extremists in the province.

Although U.S. and European officials have been careful to state publicly that they favor no particular outcome to the talks, press reports have quoted unnamed diplomats as suggesting that Kosovo should receive "conditional independence."⁹ Independence would be granted in exchange for pledges from Kosovo to rule out merger with Albania and other ethnic Albanian-inhabited regions of Serbia, Macedonia and Montenegro in a "greater Albania." Kosovo would also have to provide guarantees to respect the rights of ethnic minorities in Kosovo, and agree to continued international oversight in this and possibly other areas.

The Eide report, which does not endorse a status option, suggests that a future international mission, led by the European Union, could be modeled on the international High Representative in Bosnia. The High Representative does not directly administer Bosnia, but has powers (often referred to as the "Bonn powers") to veto legislation and remove obstructionist leaders. In addition, Eide proposed that international police and judges continue to participate in Kosovo's fragile judicial system. Eide also called for a "wider decentralization" for Kosovo and "horizontal links" between Serbian municipalities without endangering Kosovo's central institutions.

If the international community does settle on conditional independence as their preferred solution, much of the negotiation with the Kosovo government may revolve around the conditions and timetable for international recognition, the oversight powers of the international mission, and the extent of decentralization and the borders of Kosovo's municipalities.

International Administration

U.N. Security Council Resolution 1244 (June 10, 1999) forms the basis of the current international role in Kosovo. The resolution authorizes the deployment of an international security presence in Kosovo, led by NATO, under a mission to ensure the withdrawal of Yugoslav armed forces from Kosovo, the demilitarization of the KLA, and the maintenance of the cease-fire. Resolution 1244 gives the U.N. mission in Kosovo (UNMIK) the chief role in administering Kosovo on a provisional basis. UNMIK's duties have included performing basic civil administration of the province; maintaining law and order, including setting up an international police force and

⁹ "U.S. Warns Against Violence as Kosovo Talks Loom," Reuters news agency, October 13, 2005.

creating local police forces; supporting humanitarian aid efforts; facilitating the return of refugees and displaced persons to their homes; protecting human rights; supporting the reconstruction effort; preparing the way for elections and the creation of self-government institutions; and facilitating a political process to address Kosovo's final status. Resolution 1244 provides for an interim period of autonomy for Kosovo until negotiations on the final status of the province take place. It expresses support for the FRY's territorial integrity.

Bernard Kouchner of France served as the first Special Representative of the U.N. Secretary-General (SRSG) to oversee UNMIK until January 2001. He was replaced by Hans Haekkerup, Denmark's Defense Minister, whose brief term in Kosovo ended in December 2001. Michael Steiner, a German diplomat with extensive experience in the former Yugoslavia, became the third SRSG in early 2002 and completed his term in July 2003. Finnish diplomat Harri Holkeri became the fourth SRSG in August 2003. He stepped down in May 2004, citing health reasons, although some observers speculated that his resignation was also spurred by perceptions that his credibility, as well as that of UNMIK as a whole, had been damaged by the March 2004 riots. Danish diplomat Soren Jessen-Petersen, who had been the EU's Special Representative in Macedonia, became the next SRSG in mid-August. Upon his arrival, he outlined five mission priorities: improving security, prioritizing the standards and accelerating their implementation, transferring more authority to the PISG, protecting minorities, and improving the economy.

UNMIK initially had a four-pillar structure divided into humanitarian aid, civil administration, democratic institution-building, and reconstruction. UNMIK phased out the humanitarian aid pillar in mid-2000 and added a police and justice pillar in 2001. The United Nations leads the police and justice pillar as well as the one for civil administration; the Organization for Security and Cooperation leads the institution-building pillar; and the European Union leads the reconstruction pillar.

In April 2002, then UNMIK chief Steiner offered a "vision on how to finish our job," or an "exit strategy" for the international mission. He outlined a "standards before status" approach that included a series of benchmarks for Kosovo's institutions and society that should be achieved before addressing Kosovo's final status.

The benchmarks are

- the existence of effective, representative and functioning institutions;
- rule of law;
- freedom of movement;
- sustainable returns and reintegration;
- development of a sound basis for a market economy;
- clarity of property rights;
- normalized dialogue with Belgrade;

- reduction and transformation of the Kosovo Protection Corps in line with its mandate.¹⁰

The international community endorsed the “standards before status” approach. However, even as UNMIK downsized and transferred a greater number of administrative competencies to Kosovo’s self-governing institutions, it became clear to most observers that UNMIK’s ability to “finish the job” would ultimately depend on a resolution to the question of Kosovo’s final status. The standards before status approach gained new impetus in late 2003 with the Contact Group initiative, with U.N. Security Council approval, to elaborate on and “operationalize” the Standards for Kosovo and review their implementation by mid-2005.¹¹ In December 2003, UNMIK and the Kosovo provisional government established five joint working groups on implementing the standards. The Kosovo Serb community did not agree to participate in the working groups. Nevertheless, on March 31, 2004, UNMIK chief Holkeri unveiled the Kosovo Standards Implementation Plan (KSIP), a detailed road map for realizing the Kosovo Standards.

In a presidential statement, the U.N. Security Council strongly condemned the March 2004 inter-ethnic violence in Kosovo and attacks on KFOR and U.N. personnel. In view of the March events and the need to rebuild inter-ethnic cooperation, the U.N. Security Council called for urgent steps on two of the standards: sustainable returns and freedom of movement.¹² In the aftermath of the attacks, some Serbian and European officials called for changes to the U.N. mission’s mandate in order to improve security conditions in Kosovo. Some major non-governmental organizations, including Human Rights Watch and Amnesty International, strongly criticized the performance of U.N. agencies and NATO operations in Kosovo for failing to protect minority communities. U.N. Secretary-General dispatched a U.N. Department of Peacekeeping Operations team to evaluate the U.N. Mission in Kosovo and make recommendations. Norwegian U.N. diplomat Kai Eide, who headed the team, called for a range of policy and institutional changes to provide greater clarity and focus to the U.N. mission and future direction of the province. For example, he recommended that the lengthy list of standards be replaced with a “dynamic, priority-based standards policy” to pave the way for status discussions and future European integration. Eide also said that “serious exploratory discussions” on future status should begin as early as 2004 and that final status negotiations should take place by mid-2005, with the participation of the Kosovo government and Belgrade. He called for the transfer of more powers from UNMIK to the Kosovo government, with the aim of terminating the U.N. mission after final status negotiations begin. He recommended that the European Union take over as lead international agency in Kosovo. The Secretary-General endorsed some of Eide’s recommendations, especially on the priority standards, but not all of them.

¹⁰ Address to the Security Council by Michael Steiner, Special Representative of the Secretary-General, UNMIK/PR/719, April 24, 2002.

¹¹ The published text of the standards can be found at [<http://www.unmikonline.org/press/2003/pressr/pr1078.pdf>]. See also U.N. Security Council Presidential Statement, S/PRST/2003/26, December 12, 2003.

¹² U.N. Security Council President Statement, S/PRST/2004/13, April 30, 2004.

The current U.N. presence in Kosovo is projected to terminate by the conclusion of status negotiations. In his comprehensive review of the standards, Eide noted that the U.N.'s leverage in Kosovo was diminishing. Among other factors, UNMIK's reputation has suffered from numerous scandals and charges of corruption involving U.N. officials. As status negotiations get under way, UNMIK will continue efforts to promote the standards implementation process and prepare the groundwork for a transition to Kosovo's future status. According to UNMIK Chief Soren Jessen-Petersen, during the next six months, UNMIK's work will focus on six priority areas: further implementation of the standards, especially freedom of movement and returns; reform of local government structures; progress in promoting a comprehensive security agenda, including the transfer of competencies from UNMIK to Kosovo's governing institutions in the area of rule of law, justice, and police; capacity-building with Kosovo's institutions; restructuring of UNMIK leading to a phased transition to eventual future status arrangements; and maintenance of a secure environment throughout Kosovo.

KFOR¹³

KFOR's mission, in accordance with UNSC 1244, is to monitor, verify, and enforce the provisions of the Military Technical Agreement and the KLA demilitarization agreement. KFOR is also charged with establishing and maintaining a secure environment in Kosovo to facilitate the return of refugees, the delivery of humanitarian aid, and the operation of the international civilian administration. KFOR has actively supported UNMIK's activities, including efforts to meet benchmarks of progress and to transfer increased responsibilities, especially related to law enforcement, to Kosovo's interim civil authorities. Resolution 1244 includes a provision that says KFOR is to oversee the return of "hundreds, not thousands" of Yugoslav troops to Kosovo to liaise with the international presence, mark minefields, provide a "presence" at Serb historical monuments and "key border crossings." To date, no troops from Serbia and Montenegro have returned to Kosovo for these purposes, although in March 2001, NATO approved the phased return of Serbia and Montenegro forces to the formerly demilitarized buffer zone between Kosovo and the rest of Serbia.

In response to the sudden and widespread ethnic Albanian attacks on Serb enclaves in March 2004, NATO swiftly made available an additional 3,000 NATO reserve forces to the former KFOR Commander, Lt. General Holger Kammerhoff. The performance of KFOR units during the violence varied widely. In the aftermath of the March incidents, NATO conducted a "lessons learned" study to evaluate KFOR's performance and identify areas for improvement. The study's recommendations reportedly included the removal of national restrictions, or caveats, on COMKFOR's ability to deploy KFOR troops; improved training and equipment; improved intelligence capabilities in order to anticipate events such as in March; and measures to maximize KFOR force presence in patrols. KFOR also created a Security Advisory Group with UNMIK and local Kosovar representatives to improve communication and coordination on security matters.

¹³ For more information, refer to the KFOR website at [<http://www.nato.int/kfor>].

NATO reviews KFOR's mission every six months and periodically considers plans to adjust force structure, reduce force levels, and eventually to withdraw from Kosovo. KFOR's force strength has been steadily reduced from its peak in 1999 of nearly 50,000. On the basis of its mid-2003 mission review and reflecting KFOR's assessment that the overall security situation remained stable, NATO agreed to continue to "regionalize and rationalize" KFOR's force structure and size, including a reduction in strength to about 17,500. Since December 2003, however, NATO members have agreed that a large NATO presence in Kosovo remains necessary and have maintained KFOR strength at about 17,000, with additional reinforcement brought in as necessary. The U.S. share of KFOR remains below 15% of the total and currently numbers about 1,700 troops.

In 2005, the NATO SACEUR, General Jones, proposed adjustments to KFOR's structure to improve mobility and flexibility. The adjustments could involve streamlining the force into task forces that could provide greater efficiency and eliminate the need for redundant support and logistics units. KFOR has also been preparing for possible security challenges as status negotiations on Kosovo are set to begin. KFOR and U.N. officials have recently acknowledged that they were actively monitoring the activities of "armed, criminal" ethnic Albanian groups that may be seeking to destabilize the province or disrupt the status negotiation process.

NATO's possible role in securing a post-status settlement in Kosovo will likely come under consideration in 2006. In his review, Ambassador Eide strongly recommended an ongoing NATO, including a U.S., presence in Kosovo. Eventually, some observers expect that the European Union could take over from Kosovo peacekeeping duties from NATO. The timing of such a transfer is unclear — and will likely depend on the outcome of status negotiations — but may follow earlier examples of NATO military cooperation with the EU and transfer of operations in Bosnia and Macedonia.

Institution-Building

Under the 2001 Constitutional Framework for Provisional Self-Government, Kosovo is governed by a combination of international administration and provisional institutions of self-government. On the basis of the November 2001 Kosovo-wide elections, a Kosovo assembly, President, and government were established. After the most recent vote on October 23, 2004, a new multi-party assembly and government were formed. A major challenge since the last vote has been in the area of involving the Kosovo Serb community, which carried out a successful boycott of the elections. Another challenge was the indictment and surrender of Prime Minister Haradinaj in March 2005, who was swiftly succeeded by Prime Minister Kosumi.

UNMIK has retained ultimate executive authority over the Kosovo provisional institutions, including veto power, and exclusive authority in some areas, so-called Article VIII reserved powers. These reserved responsibilities included justice, minority rights protection, customs, monetary policy, the budget, and authority over the Kosovo Protection Corps, among others. Non-reserved responsibilities, which are listed in Article V of the framework, have gradually been transferred from UNMIK to the Kosovo provisional government. On December 30, 2003, former UNMIK chief Holkeri announced that the transfer of all relevant competencies had

been completed. After the March 2004 violence, UNMIK moved to devolve further competencies to the PISG, especially in the economic sphere. Most recently, UNMIK has moved to transfer authority to the PISG in the police and judiciary.

UNMIK officials have lauded the development of Kosovo's provisional institutions, but emphasize that further progress needs to be made before Kosovo can meet the standard of having functioning democratic and representative institutions. Priority topics in this area include the activities and rules of procedures of the Kosovo Assembly, minority representation in PISG institutions, media reforms, and the continued existence of parallel structures in Kosovo Serb enclaves.

A prominent responsibility reserved by UNMIK is the Kosovo Protection Corps (KPC), a civilian emergency response force. UNMIK developed the KPC as a means to "civilianize" former members of the Kosovo Liberation Army. However, KPC leaders frequently refer to their organization as the basis for a future Kosovo military force. The transformation of the KPC is one of the Kosovo standards. The authorized strength of the KPC is 3,052 active members and 2,000 reserved. Its current strength is 3,029 active members (September 2005). Minority representation in the KPC comprises about 5% of the total. Relations between the KPC and UNMIK suffered a setback in early 2003 after some KPC members were implicated in a bombing incident carried out by an extremist Albanian group. More recently, UNMIK has reported some improvements in KPC performance. In the last quarterly update on standards implementation, UNMIK cited the KPC's effort to recruit and retain minority members, as well as its increased involvement in a range of civil activities that have included minority communities.

A major recent area of focus in institution-building has been in the area of local government reform. The goal of decentralization is to restructure governing authority to the most local level for the benefit of all citizens, but especially to address the interests and concerns of minority communities. Secretary-General Annan has called for all communities to unite to achieve this important goal, while recognizing ongoing controversies on this topic. Pilot projects in five municipalities were designated to be implemented in 2005, but disagreements between the UNMIK/PISG and the Kosovo Serb side have held up further progress. The disagreements appear to reflect divergent goals of the decentralization process, with the Serb side emphasizing the need for local Serbs to control their own affairs and the Kosovar Albanian side seeking to avoid the creation of mono-ethnic zones.

Rule of Law

Until the March 2004 outbreak of inter-ethnic violence, rates of serious or deadly criminal incidents in Kosovo had been dropping year-by-year, according to international reporting, although some serious incidents continued to occur. The spate of violent attacks against Kosovo Serbs during the summer of 2003 and in March 2004 prompted UNMIK and KFOR to take additional measures to improve security for minority communities, beginning with bringing to justice those responsible for such attacks. However, in 2005 Ambassador Eide noted that the law enforcement record was weak for serious inter-ethnic crimes. He also named organized crime and corruption as serious threats to stability in Kosovo.

The swift resignation of Haradinaj and the smooth transfer of power to a successor government have been cited as examples of increased respect for the judicial process and the rule of law. Nevertheless, some violent acts have taken place in the wake of Haradinaj's surrender to ICTY, including a roadside bomb apparently targeted at President Rugova, a blast near UNMIK headquarters, and the killing of Haradinaj's brother in an ambush. In addition, a late August attack on a Serbian vehicle near Strpce in southern Kosovo killed two Serbian passengers.

International judicial panels, established by UNMIK in early 2000, have considered some serious criminal cases relating to war crimes and terrorist acts.¹⁴ In July 2003, a Kosovo district court found four former KLA members guilty of war crimes and sentenced them to prison terms ranging from five to 15 years. The ruling was the first conviction of Kosovo Albanians for war crimes since the end of 1999 war. Local judicial bodies deal with all civil and most criminal cases. There are 363 local judges and 58 prosecutors, including some minority representatives (about 10%), that are currently in place. Parallel judicial structures supported by Belgrade continue to exist in Serbian-majority municipalities. The March 2004 events set back inter-ethnic cooperation on judicial development to some degree, especially in minority recruitment.

Policing in Kosovo is a shared responsibility between international and local Kosovo police forces. The Kosovo Police Service (KPS) has gradually assumed greater responsibility for policing duties. UNMIK retains overall authority over Kosovo's law enforcement institutions. The international UNMIK police force currently comprises over 3,000 officers from nearly 50 countries. The U.N. police presence has decreased as local police forces have grown and developed. Under its institution-building pillar headed by the OSCE, UNMIK opened a training academy for the KPS in August 1999. By mid-2005, the number of KPS uniformed personnel that had completed basic police training numbered over 6,200. Minority participation in KPS has reached about 16%, including about 9% Serbs. In addition to the KPS, a Kosovo Correctional Service has grown to a staff of over 1,400 personnel. UNMIK police have gradually shifted greater responsibilities to the KPS as its ranks and capabilities have grown. International officials have noted that freedom of movement for minority communities has improved in recent months but remains difficult in some parts of the province, especially for the Kosovo Serb minority. Ambassador Eide called Kosovo's police and judiciary "weak and fragile" institutions that still require substantial international supervision.

Economy

Kosovo's economic situation has improved since the end of the 1999 war, largely as a result of substantial international reconstruction aid inflows, but remains underdeveloped. In particular, unemployment, estimated at 60%-70% of the population, is a primary concern. Other prominent problems affecting the economy have included the operation of public utilities, especially electricity, smuggling, and

¹⁴ The U.N.'s insertion of international judges and prosecutors within the local justice system in Kosovo was unprecedented. See Michael E. Hartmann, "International judges and prosecutors in Kosovo," U.S. Institute of Peace Special Report No. 112, October 2003.

other organized criminal activity. Foreign donor support and remittances from Albanians abroad comprise the strongest economic growth engines in Kosovo and helped to fuel strong but waning GDP growth in the immediate postwar years.

International efforts are also focused on privatization and fostering private sector growth, as well as creating a legal framework for a self-sustaining economy and strengthening the financial sector. Among other things, these efforts have led to improvements in budget revenue collection through internal taxation and customs income. In April 2002, former UNMIK chief Steiner announced the creation of a Kosovo Trust Agency to manage and oversee the process of privatization in order to spur job creation and attract investment. In May 2003, the Kosovo Trust Agency announced its first six tenders for the privatization of socially-owned enterprises, and additional rounds of tenders have followed. However, the KTA frequently suspended the privatization process because of legal complications with Serbia on the status of Kosovo enterprises and disputes with the provisional governing institutions in Kosovo.

UNMIK and the PISG have made some progress in the economic sphere in 2005. A fiscally disciplined consolidated budget for 2005 was finalized. The stalled privatization process moved forward, although property disputes remain a problem.¹⁵ Economic institutions were strengthened, and agreements were made with some international lending institutions such as the European Bank for Reconstruction and Development and the European Investment Bank, which could lead to access to international loans. Despite these areas of progress, UNMIK Chief Jessen-Petersen recently assessed that “there will be no real overall progress [in economic development] until the status issue is resolved.” He also warned that Kosovo’s poor economic conditions and prospects could spark social instability at any moment.¹⁶ Ambassador Eide’s review report stated that Kosovo’s economic situation faced “serious short-term problems, but also positive longer-term prospects.”

Returns

The vast majority of ethnic Albanian refugees and displaced persons from the conflict returned to Kosovo with remarkable speed after June 1999. However, as ethnic Albanian refugees returned to Kosovo, large numbers of ethnic Serbs and Roma (Gypsies) left the province, mainly for Serbia and Montenegro. UNHCR estimated that over 200,000 Serbs and Roma left Kosovo after the end of the NATO air strikes in June 1999.¹⁷ Since 2000, only about 12,000 displaced minorities have returned to Kosovo, and mostly to ethnic enclaves. The proportion of Kosovo Serbs who return remains at a lower level than that of other minority groups. The security situation and freedom of movement for returnees remains precarious, and the

¹⁵ See Eric Jansson, “Kosovo Drive to Privatize Opens up a Can of Worms,” *Financial Times*, August 11, 2005.

¹⁶ SRSG address to the United Nations, UNMIK/PR/1366, May 27, 2005.

¹⁷ Persons (both ethnic Albanian and Serb) who have fled their homes in Kosovo are considered refugees if located outside of Serbia and Montenegro, and internally displaced if they remain in Kosovo or elsewhere in Serbia or Montenegro.

different ethnic communities remain largely unintegrated. Some who had returned to the province have subsequently left again. UNMIK has worked in recent years to establish a comprehensive framework to support returns and continues to support the principle that all refugees and displaced persons have the right to return to their homes.

The violent incidents in March 2004 against ethnic Serb communities, in which over 4,000 minorities were forced from their homes, dealt a severe blow to the returns process. By mid-2005, over 1,500 people remained displaced as a result of the March violence. Some await the repair and renovation of the homes damaged and destroyed in March. The U.N. has reported that 90% of homes damaged or destroyed in March have been repaired or are being repaired. Some of the displaced may decline to return out of perceptions of insecurity, as well as limited economic prospects. In May 2005, UNMIK chief Jessen-Petersen reported “significantly increased” official support by the PISG for returns. In contrast, the Eide comprehensive review noted the widespread view that as many or more Serbs were leaving Kosovo than returning.

An estimated 3,000 persons from all sides in the conflict remain missing. The topic of missing persons is one of the subjects being discussed in the UNMIK-led dialogue talks between Pristina and Belgrade.

War Crimes

On May 27, 1999, the International Criminal Tribunal for the Former Yugoslavia (ICTY) announced the indictment of Yugoslav President Slobodan Milosevic, Serbian President Milan Milutinovic, FRY Deputy Prime Minister Nikola Sainovic, Yugoslav Army Chief of Staff Dragoljub Ojdanic, and Serbian Minister of Internal Affairs Vlatko Stojiljkovic for war crimes and crimes against humanity committed by Yugoslav and Serbian forces in Kosovo. The indictments were the first issued by the Tribunal relating to the Kosovo conflict. (These indictments were amended in June and October 2001 to add new charges related to the Kosovo conflict.) The ICTY is focusing its efforts on high-level officials. Local courts in Kosovo headed by international judges and prosecutors are trying cases against lower-level accused war criminals.

On June 13, 2000, Del Ponte released a report that said that she would not indict NATO officials for alleged war crimes during NATO’s air campaign. The report said that “although some mistakes were made by NATO, the Prosecutor is satisfied that there was no deliberate targeting of civilians or unlawful military targets by NATO during the campaign.” In June and November 2002, UNMIK police arrested former KLA soldiers, including a former top commander known as Remi, for murders of ethnic Albanians during the war in Kosovo. The charges were brought by an international prosecutor in Kosovo’s justice system, not by the ICTY. In February 2003, KFOR arrested and transferred to the Tribunal three former KLA fighters indicted by the ICTY for war crimes against Serbs and Albanians. A fourth indictee was later transferred to the ICTY by Slovenia.

Wanting to avoid a U.S. boycott of a June 29, 2001, conference of aid donors to the FRY, the Serbian government transferred Milosevic to the ICTY on June 28.

Milosevic's trial for crimes committed in Kosovo began in February 2002. After the FRY passed a law on cooperation with the Tribunal in April 2002, Ojdanic and Sainovic surrendered to the Tribunal. Stojiljkovic committed suicide outside the Yugoslav parliament building. The March 2003 murder of Serbian Prime Minister Zoran Djindjic, and the possibility of a U.S. aid cutoff for non-cooperation with the ICTY, led Serbia in June 2003 to hand over additional indictees wanted by the ICTY for crimes in Kosovo and elsewhere. An additional ICTY indictment in October 2003 of four army and police generals for atrocities in Kosovo was sharply condemned by Serbian officials. Prolonged unwillingness by the Kostunica government to cooperate fully with ICTY prompted the Bush Administration to suspend some U.S. assistance to Serbia in early 2005.¹⁸ However, Belgrade has substantially improved cooperation with ICTY in recent months and has negotiated the transfer of several indicted suspects to The Hague.

On March 8, 2005, Prime Minister Haradinaj resigned after the International Criminal Tribunal for the former Yugoslavia (ICTY) notified him and two of his associates that they had been indicted for crimes against humanity and war crimes allegedly committed during the 1998-1999 conflict with Serbian forces. Haradinaj and his co-indictees flew to The Hague to submit to detention. Officials welcomed his swift and voluntary surrender to The Hague after the release of his indictment. Haradinaj was provisionally released in June 2005.

U.S. Policy

From the beginning of the conflict in Kosovo in the late 1990s, the Clinton Administration condemned Serbian human rights abuses and called for autonomy for Kosovo within Yugoslavia, while opposing independence. The Clinton Administration pushed for air strikes against Yugoslavia when Belgrade rejected the Rambouillet accords in March 1999, but refused to consider the use of ground troops to eject Yugoslav forces from Kosovo. However, even before the air strikes, the Clinton Administration said that U.S. troops would participate in a Kosovo peacekeeping force if a peace agreement were reached. After the conflict, President Clinton said that the U.S. and NATO troop commitment to Kosovo could be reduced as local autonomous institutions took hold. He said that the United States and the European Union must work together to rebuild Kosovo and the region, but that "Europe must provide most of the resources."¹⁹

During the 2000 Presidential campaign, Condoleezza Rice, later appointed by President-elect Bush as his National Security Advisor, said that U.S. military forces are overextended globally, and that peacekeeping responsibilities in the Balkans should be taken over by U.S. allies in Europe. However, after taking office, the Administration appeared to adopt a more cautious tone. In February 2001, Secretary

¹⁸ For more on war crimes in Kosovo and the activities of the ICTY, see the ICTY website at [<http://www.un.org/icty/>]. For more on Serbian aid conditions, see CRS Report RS21686, *Conditions on U.S. Aid to Serbia*, by Steven Woehrel.

¹⁹ See also CRS Report RL30374, *Kosovo: Lessons Learned from Operation Allied Force*, by Paul E. Gallis, coordinator.

of State Colin Powell said that the United States had a commitment to peace in the Balkans and that NATO forces would have to remain in Bosnia and Kosovo for “years.” He said the United States was reviewing U.S. troop levels in Bosnia and Kosovo with the objective of reducing them over time, but stressed that the United States would act in consultation with its allies and was not “cutting and running.”

During a July 24, 2001, visit to U.S. troops in Kosovo, President Bush reiterated this position, saying that

we will not draw down our forces in Bosnia or Kosovo precipitously or unilaterally. We came in together, and we will go out together. But our goal is to hasten the day when peace is self-sustaining, when local, democratically elected authorities can assume full responsibility, and when NATO’s forces can go home. This means that we must re-organize and re-energize our efforts to build civil institutions and promote rule of law. It also means that we must step up our efforts to transfer responsibilities for public security from combat forces to specialized units, international police, and ultimately local authorities. NATO’s commitment to the peace of this region is enduring, but the stationing of our forces here should not be indefinite.

The September 11, 2001, terrorist attacks in the United States (including the deployment of U.S. troops to Afghanistan) and the conflict in Iraq reinforced the Administration’s desire to decrease the U.S. deployment in the Balkans. The number of troops in KFOR has declined from about 38,000 in June 2002 to roughly 18,000 today, with the U.S. contingent falling from 5,500 to 1,800. Although NATO has agreed to terminate its Stabilization Force in Bosnia and turn over peacekeeping duties to the EU, no such changes have been agreed to for Kosovo, reflecting the less stable nature of the situation in Kosovo.

In 2001, the United States condemned the ethnic Albanian guerrillas in Macedonia as a threat to peace and stability in the region, including former KLA fighters in Kosovo, some of whom held key roles in the rebellion. On June 27, 2001, President Bush issued an Executive Order prohibiting Americans from “transferring, paying, exporting, withdrawing or otherwise dealing in the property or interests in property of persons involved in violent and obstructionist actions” in the Balkans. Bush also barred entry to the United States of those “who actively obstruct implementation of the Dayton Peace Accords or U.N. Security Council Resolution 1244 and who otherwise seek to undermine peace and stability in the region” or “who are responsible for wartime atrocities committed in the region since 1991.” The order lists 35 persons and organizations covered by the restrictions, including the leaders of ethnic Albanian guerrilla groups in Macedonia and southern Serbia, as well as persons and groups in Kosovo supporting them.²⁰ The United States helped broker the August 2001 Ohrid peace accords that put an end to the conflict in Macedonia.

The Bush Administration has supported the “standards before status” policy favored by UNMIK and the EU. This approach calls for the autonomous Kosovo government to achieve a number of benchmarks (including progress toward creating

²⁰ For the text of the Executive Order, see the website of the Treasury Department’s Office of Foreign Assets Control at [<http://www.treas.gov/offices/enforcement/ofac/>].

a functioning democratic government, free market economy, the rule of law and respect for ethnic minorities) before the issue of Kosovo's status is discussed. In November 2003, the Bush Administration launched an initiative to give greater impetus to the "standards before status" policy. Former Undersecretary of State for Political Affairs Marc Grossman, backed by other members of the Contact Group, announced a "review date" strategy for the Kosovo standards that will lead to an evaluation of the standards for Kosovo by mid-2005. Should Kosovo meet the standards, he said that the international community would be prepared "to begin a process to determine Kosovo's future status." He also said that "all options are on the table," but that the United States would not take a position on final status at this time.²¹

On March 17, 2004, the State Department issued a statement strongly deploring the incidents of serious violence in Kosovo and calling for the restoration of calm and order and cooperation with international agencies. Since that event, senior U.S. officials continued to emphasize the standards and review date strategy, while giving particular emphasis to the priority standards relating to the treatment of ethnic minorities in Kosovo.

In May 2005, the second Bush Administration announced a new phase in U.S. policy in the Balkans. Emphasizing the need to "finish the work" in the region, Undersecretary of State for Political Affairs Nicholas Burns testified before Congress that the status quo of Kosovo's unresolved status was no longer sustainable or desirable. He expressed U.S. support for the standards review timetable in 2005, possibly leading to status negotiations later in the year. He said that a settlement could be expected to be achieved by the end of 2006 and that the United States would remain an active partner in Kosovo.

According to Burns, Kosovo's final status is to be based on or incorporate the following principles:

- multi-ethnicity with full respect for human rights,
- protection of minorities,
- protection of cultural and religious heritage, and
- effective mechanisms for fighting organized crime.

Burns also discounted Kosovo's return to a pre-1999 status or its geographic division or extension.²² During his most recent trip to the region in October, Burns reiterated that "my country does not favor any particular option," leaving open the question of U.S. backing for any particular status for Kosovo. On November 3, the State Department spokesman stated that the U.S. goal was for the process to reach "an

²¹ "UNMIK Press Conference," November 5, 2003. Transcript available on the State Department website in hypertext (html) at [<http://www.state.gov/p/26032.htm>] or in pdf (printer-friendly format) from the U.N. at [<http://www.unmikonline.org/press/2003/trans/tr051103.pdf>].

²² Statement before the House International Relations Committee, May 18, 2005. "Kosovo: Current and Future Status."

agreement through negotiation and compromise that will provide the people of Kosovo and their neighbors with a secure and democratic future, and that Kosovo's future status must aid in stabilizing the region while advancing the region's Euro-Atlantic integration."

According to the Department of Defense Comptroller's Office, DOD incremental costs for Kosovo through FY2005 (estimated) were \$9.1 billion. This figure included \$1.89 billion for the 1999 NATO air war, \$7.0 billion for KFOR, and \$141.6 million in refugee aid.²³ From FY1999-FY2001, the United States obligated \$425.8 million in bilateral aid to Kosovo.²⁴ Since then the United States provided: \$118 million to Kosovo in FY2002, \$85 million in FY2003, \$79 million in FY2004, and \$75 million for FY2005. The Administration's FY2006 request included \$72 million for Kosovo. Since 1999-2000, U.S. aid has shifted away from humanitarian and reconstruction aid toward assistance aimed at democratization, the rule of law and establishing a free market economy.

Congressional Response

In 1999, the 106th Congress debated whether U.S. and NATO air strikes in Kosovo were in the U.S. national interest, and whether the President could undertake them without congressional approval. In the end, Congress neither explicitly approved nor blocked the air strikes, but appropriated funds for the air campaign and the U.S. peacekeeping deployment in Kosovo after the fact. In 2000, some Members unsuccessfully attempted to condition the U.S. military deployment in Kosovo on Congressional approval and on the implementation of aid pledges made by European countries. Many Members of Congress said that they expected U.S. allies in Europe to contribute the lion's share of aid to the region and expressed concern that European countries were slow to implement their aid pledges. Congress moved to limit U.S. aid to Kosovo to 15% of the total amount pledged by all countries.²⁵

The 107th Congress focused on limiting the cost of the continuing U.S. engagement in Kosovo. The FY2002 foreign aid appropriations law (P.L. 107-115) provides \$621 million in aid for central and eastern Europe under the Support for East European Democracy (SEED) program, but no earmark for Kosovo. The bill says that aid to Kosovo "should not exceed 15 percent of the total resources pledged by all donors for calendar year 2002 for assistance for Kosovo as of March 31, 2002." The bill also bars U.S. aid for "large scale physical infrastructure reconstruction" in Kosovo. The FY2002 defense authorization law (P.L. 107-107) limited funding for U.S. peacekeeping troops to \$1.5286 billion. The President may waive this provision if he certifies that the waiver is in the national security interest of the United States

²³ See CRS Issue Brief IB94040, *Peacekeeping: Issues of U.S. Military Involvement*, by Nina M. Serafino.

²⁴ U.S. Agency for International Development, Overseas Loans and Grants, July 31, 1945-September 30, 2001, p. 184.

²⁵ For detailed information on the activities of the 106th Congress, see CRS Report RL30729, *Kosovo and the 106th Congress*, by Julie Kim.

and that it will not adversely affect the readiness of U.S. forces. The President must submit a report on these issues as well as a supplemental appropriations request.

In FY2003 foreign operations appropriations legislation (P.L. 108-007), Congress provided \$525 million in SEED aid, with no earmark for Kosovo. Congress also included the 15% aid ceiling and restriction on large-scale infrastructure projects as it had in previous years. The bill says \$1 million “should” be provided for training programs for Kosovar women. The FY2004 foreign operations bill, included as part of an omnibus appropriations measure (P.L. 108-199), earmarked \$79 million for Kosovo. It added that says \$1 million “should” be provided for “a program to promote greater understanding and interaction among youth in Albania, Kosovo, Montenegro and Macedonia.”

In the 108th Congress, several resolutions have been introduced that advocate U.S. support for Kosovo’s independence. In the first session, H.Res. 11 and H.Res. 28 were introduced. They expressed the sense of the House that the United States should declare support for Kosovo’s independence. H.Res. 11 conditions this support on Kosovo’s progress toward democracy, while H.Res. 28 supports independence without prior conditions. S.Res. 144 expresses the sense of the Senate that the United States should support the right of the people of Kosovo to determine their political future once “requisite progress” is made in achieving U.N. benchmarks in developing democratic institutions and human rights protections. On May 21, 2003, the House International Relations Committee held a hearing that dealt with H.Res. 28 and the future of Kosovo. On October 7, 2004, the Committee held a markup session on the bill. After debate on the bill, Chairman Representative Henry Hyde and ranking Democrat Representative Tom Lantos agreed to postpone a vote on the bill until hearings on the issue could be held.

In the wake of the March 2004 violence in Kosovo, several resolutions were introduced to condemn the attacks, as well as subsequent attacks on Islamic sites in Serbia. These included H.Res. 587, introduced by Representative Christopher Smith, and H.Res. 596, introduced by Representative Burton. On April 8, the Senate agreed by unanimous consent to S.Res. 326, introduced by Senator Voinovich. The resolution, a slightly modified companion version of H.Res. 596, strongly condemned the violence; recognized the commitment of Kosovo and Serbian leaders to rebuild what had been destroyed and encourage the return of refugees; called on leaders in Kosovo to renounce violence and build a multi-ethnic society based on the standards for Kosovo; recommended the restructuring of UNMIK; and urged the reinvigoration of dialogue between Kosovo and Belgrade. S.Res. 384, offered by Senator Lugar on June 18, calls on the United States to work with KFOR, UNMIK, and the Kosovo and Serbian governments to implement the Standards for Kosovo.

H.Res. 726, introduced by Representative Doug Bereuter on July 9, praises new Serbian president and former Defense Minister Boris Tadic and the Serbian people for several reasons, including showing “courage, composure, dignity, and wisdom” by not deploying Serbian troops in reaction to the March riots in Kosovo and by working with KFOR to “resolve the crisis.”

The 109th Congress has also considered legislation on Kosovo. On January 4, 2005, Representative Lantos introduced H.Res. 24, which expresses the sense of the

House that the United States should support Kosovo's independence. On October 7, 2005, the Senate passed S.Res. 237, a resolution supporting efforts to "work toward an agreement on the future status of Kosovo and a plan for transformation in Kosovo." It did not express support for any particular status option. The resolution passed without amendment by unanimous consent. An identical House resolution was introduced on December 17, 2005 (H. Res. 634). The second session of the 109th Congress may also consider legislation on Kosovo's status.

Figure 1. Map of Kosovo



Source: Map Resources. Adapted by CRS. (K.Yancey 4/29/04)